

**RFP # 2016 Actuary
Actuarial Services
Proposal Due Date: January 20, 2016 4PM CT**

Addendum No. 2 – Written Questions and Responses

1. Who was the last consulting firm that performed the work?

Who is the incumbent providing these same services for the ORM?

Who was your prior actuary and how much were their fees?

Who is the incumbent actuary?

Can you provide the name of the last 3 actuarial firms that provided the work and how long each of them provided services?

ORM has used the services of Towers Perrin through 2010 when that firm became Towers Watson, the incumbent actuary.

2. How long have the current actuaries been providing their service?

How many years has the incumbent Actuary provided the required services?

ORM has used Towers Perrin since 1986 and Towers Watson since 2010 to the present.

3. What were the annual fees charged and the term of the contract?

What was the annual cost to the ORM for the most recent actuarial work described in the RFP? (If you are unable to share the specific cost, is it possible to get a price range?)

What were the annual fees charged for each year for the work required?

What is the hourly rate(s) being paid to the incumbent to perform this work?

See copy of most recent actuarial services contract for one fiscal year at

<http://www.doa.la.gov/orm/PDF/2-1-15-ActuarialServicesContract.pdf>. ORM paid the contracted actuary the following amounts over the past 3 fiscal years:

2013 \$35,011.00

2014 \$65,631.50

2015 \$40,062.50

4. What were the fees for the prior actuarial report?

ORM was invoiced approximately \$30,000 by the current actuary for the most recent actuarial report @ 6/30/2015.

5. Has the scope of the work changed since the work was done?

Was the work required in prior years similar to that described in the current RFP?

The scope of work described in the current RFP is the same services that were performed in the past by the incumbent actuary.

6. Can we get a copy of the most recent actuarial report?

Is it possible to get a copy of the previous report(s) and other work performed by the incumbent Actuary?

May we have a copy of your last report?

Can we obtain a copy of the prior actuarial report(s)?

Due to confidentiality concerns, a copy of the most recent/prior actuarial report(s) cannot be distributed/placed on the RFP website.

7. Can we get a copy of the proposal of the last successful bidder?

Is it possible to get a copy of the prior proposal submitted by the incumbent (if any)?

Can we get a copy of the proposal of the last successful proposer?

This is the first time that a RFP for actuarial services has been requested by ORM, so there are no prior proposals. RFPs for actuarial services are not required by the State's purchasing law.

8. Can you provide the proposal scoring from the previous RFP?

Since this is the first RFP for actuarial services, there is no previous proposal scoring.

9. Is the State satisfied with the incumbent's work product?

ORM is satisfied with the incumbent actuary's work product.

10. Why is ORM bidding for these services (e.g. Required by law? Unhappy with existing provider?, etc.)?

Why is the State going out to bid for actuarial services?

Though not required by law, ORM management is of the opinion that it is in the best interest of the State to periodically issue a formal bid to increase competition and insure that the State is receiving the best services available at a competitive price.

11. Page 14 section 5.3 asks the proposer to describe its three "largest" clients. Please clarify if "largest" is in terms of consulting revenue to our firm or some other definition.

By "largest" ORM is referring to the size of the client's total reserves/total premiums and not the amount of the consulting revenue to your firm.

12. Will you share the Evaluation Sheet and perform a debriefing if requested at the end of the process?

Yes.

13. Can you provide the point distributions used to weight the various selection criteria used in determining the winning bidder?

No additional information concerning the evaluation points will be given other than the information in the RFP document, starting on page 17 **Section 6.5 Evaluation and Review** through **6.5.5 Cost Evaluation** on page 19-20.

14. Is it possible to get a copy of the most recent financial reports for the ORM?

The most recent internal financial statements for ORM is the 6/30/2015 financials listed under the Supporting Documentation at the RFP website. The most recent published Annual Report for ORM is @ 6/30/2012, on the ORM website at <http://www.doa.la.gov/Pages/orm/Annual-Reports.aspx>.

15. If the professional liability (error and omissions) coverage with limits of liability of at least \$10,000,000 per occurrence is required, can we just comply it if we win the bid?

Item 3.1, B. on page 7 of the RFP has been removed from the Minimum Requirements section of the RFP. The awarded proposer must comply with the requirements for insurance coverage on Exhibit A on pages 38-40 of the RFP, which has also been amended.

All proposers should submit certificates of insurance displaying their current coverage limits with their proposals.

16. If three (3) most recently completed annual financial statements, completed within the last five (5) years, with at least one audited by an independent CPA are required, can we just comply it if we win the bid?

Proposer must comply with the Minimum Requirements, and provide documentation for each, as shown on Page 7-8, Item 3.1 of the RFP for their proposal to be considered for award. Item 3.1 on pages 7-8 of the RFP has been revised as part of this amendment.

17. Our professional liability coverage is placed with our wholly owned captive insurance company. The captive does not have an A.M. Best rating. Under 3.1.B Minimum Qualifications of Proposer; the RFP states that coverage must be with a carrier with an A.M. Best rating of A-:VI or better. Is the A.M. Best rating requirement a disqualifying item?

Item 3.1, B. on page 7 of the RFP has been removed from the Minimum Requirements section of the RFP. Exhibit A of the RFP has been revised to allow for a wholly-owned captive arrangement.

18. There is a requirement to use the contract language embedded in the RFP, but is there some flexibility to the contract language? We usually find that portions of the contract are firm and others have some flexibility.

The sample contract as shown in the RFP reflects the intent of the contract requirements, so there could be no material changes that would change the intent of these provisions. Suggested changes may be included in your proposal and may be negotiated after the RFP is awarded.

The Pages that follow represent revisions to the RFP. Please use these pages in lieu of the corresponding pages in the original RFP.

U.S. Postal Service: Proposers are hereby advised that the U.S. Postal Service does not make deliveries to ORM's physical location.

2.4 Definitions

Contractor - The successful Proposer who is awarded a contract

ORM or State - The State of Louisiana, Office of Risk Management

Proposer - An individual or organization submitting a proposal in response to this RFP

RFP - Request for Proposals for Actuarial Services, RFP #2016 Actuary

Shall, Must, Will - Words used to denote a mandatory requirement

Should, May, Can - Words used to denote an advisory or permissible action

2.5 Schedule of Events

<u>Event</u>	<u>Date</u>
RFP Release Date	December 4, 2015 10:00 am CT
<u>Non-Mandatory</u> Pre-Proposal Telephone Conference	December 10, 2015 10:00 am CT
Deadline for receipt of written inquiries	December 18, 2015 4:00 PM CT
Issue responses to written inquiries	January 6, 2016
Deadline for receipt of proposals	January 20, 2016 4:00 PM CT
Announce Award of Contractor selection (tentative)	February 13, 2016
Estimated Contract Execution	TBD

NOTE: The State of Louisiana reserves the right to change this schedule of RFP events, as it deems necessary.

3 PROPOSAL INFORMATION

3.1 Minimum Qualifications of Proposer

Proposers must meet the following minimum qualifications. Failure to respond to or comply with any of the following will result in disqualification of the proposal.

- A. The Proposer must have a minimum of 5 years' experience with property, casualty, and workers compensation insurance or self-insurance programs. The Proposer must have experience with providing services for at least one (1) property/casualty insurance company/self-insurer with an annual premium of \$100 million or more. Details of such experience is required and must be submitted with the proposal.

- B. Deleted

EVALUATION CRITERIA	POSSIBLE POINTS
Qualifications and Experience (Section 6.5.2):	100
Technical Proposal (Section 6.5.3)	80
Veteran and Hudson Initiative (Section 6.5.4)	30
Cost Evaluation (Section 6.5.5)	90
Total Points	300

The subtotal scores for the Qualifications and Experience, Technical, Veteran/Hudson, and Financial will be combined to determine the Total Points.

6.5.1 Evaluation Procedure

- a. Each proposal will be subject to the Minimum Qualifications Review (3.1). If any one of the requirements are not met, then the proposal requires no further consideration.
- b. If all requirements are met, each proposal will then be evaluated and assigned points for each category as shown in 6.5.
- c. Proposers with proposals that are reasonably susceptible of being selected for award may be invited to provide oral discussions and presentations.
- d. After those discussions, points associated with any of the evaluation criteria may be reviewed and adjusted in accordance with the criteria used in the initial scoring.
- e. Proposers determined to be reasonably susceptible of being selected for award may be selected to participate in a Best and Final Offers (BAFO) negotiation. After said negotiation, points associated with any of the evaluation criteria may be reviewed and adjusted in accordance with the criteria used in the initial scoring.
- f. The proposal with the highest Total Points will be recommended for award for the contract.

6.5.2 Qualifications and Experience

The following criteria are of importance and relevance to the evaluation of this RFP which include but are not limited to the following:

- Proposer Qualifications based on company history, number of years in business, size, capabilities, specializations, education and work experience of proposed key staff
- Proposer Experience with property, casualty, and workers compensation insurance or self-insurance programs
- Proposer experience with public entities
- Subcontractor Qualifications and Experience, if applicable

6.5.3 Technical Proposal

The following criteria are of importance and relevance to the evaluation of this RFP which include but are not limited to the following:

- C. Contractor will provide the Initial Expected Losses (IEL) schedule for the prospective fiscal year by August 31st.
- D. Contractor will provide the annual tables of monthly reported and paid development factors by August 31st.
- E. Contractor will submit the finalized unallocated loss adjusting expenses (ULAE) for each line of coverage by September 15th.
- F. Contractor will submit the periodic premium “look-back” project reports per the date agreed to by both parties.
- G. Contractor will submit the periodic exposure adjustment schedules per the date agreed to by both parties.
- H. Contractor will provide opinions and testify whenever requested.
- I. Contractor will notify ORM within 2 weeks of receipt of a quarterly IBNR/Reserve report of any material reserve or payment discrepancies or inconsistencies discovered as compared to the previous quarter.
- J. The contractor will submit any fiscal impact reviews/summaries on pending legislation per the date agreed to by both parties.
- K. The contractor will submit any other additional projects per the date agreed upon by both parties.
- L. The transition plan must be delivered to ORM 90 calendar days prior to the scheduled termination date of the contract unless ORM advises otherwise.

Both Key Deliverables and Other Deliverables, as listed above, are subject to penalty in the event of an actuarial error. Within 24 hours of the Contractor's discovery of an error or ORM's notification of a discovery of an error, the Contractor shall provide written acknowledgment of the error to ORM, including its scope and severity. The Contractor shall correct actuarial errors at its own expense and not bill ORM for the cost of correcting actuarial errors.

In the event of an actuarial error significant enough to require revision of a major deliverable, ORM shall require submission of a corrective plan and may assess monetary penalties as defined below.

The purpose of establishing and imposing monetary penalties shall be to provide a means for ORM to obtain the services and level of performance required for successful operation of the Contract.

The decision to impose monetary penalties shall include consideration of some or all of the following factors:

- The duration of the violation;
- Whether the error (or one that is substantially similar) has previously occurred;
- The Contractor's history of errors;
- The severity of the error;
- The “good faith” exercised by the Contractor in attempting to avoid error.

If assessed, the penalties will be used to reduce ORM's payments to the Contractor or if the penalties exceed the amounts due from ORM, the Contractor will be required to make payment to ORM for the penalty amount in excess of the amount due.

At ORM's discretion, for each occurrence of an actuarial error, the Contractor shall be liable to ORM for monetary penalties of 10% of the total billing for that particular project. Any penalty assessed shall not constitute a cap and shall not limit the liability of the Contractor under the Contract.

Actuarial errors may result in termination of the contract.

ATTACHMENT IV: MINIMUM QUALIFICATIONS STATEMENT

Proposers must respond to the following questions as well as attach required documentation.

YES	NO		QUESTIONS	REQUIRED DOCUMENTATION
<input type="checkbox"/>	<input type="checkbox"/>	1.	Does Proposer have a minimum of 5 years' experience with property, casualty, and workers compensation insurance or self-insurance programs and experience with providing services for at least one (1) property/casualty insurance company/self-insurer with an annual premium of \$100 million or more?	Details of such experience is required and must be attached.
<input type="checkbox"/>	<input type="checkbox"/>	2.	<u>Deleted</u>	<u>Deleted</u>
<input type="checkbox"/>	<input type="checkbox"/>	3.	Does the Senior consultant assigned to this contract have at least an FCAS designation and membership in the American Academy of Actuaries?	Copy of FCAS certificate and proof of MAAA membership must be attached.
<input type="checkbox"/>	<input type="checkbox"/>	4.	Has Proposer provided paper copies of, or an internet link to, the three (3) most recently completed annual financial statements, completed within the last five (5) years, with at least one audited by an independent CPA (with management letter attached)? If a parent company's financial statements are submitted, has Proposer submitted a document verifying the relationship between the parent company and the Proposer?	The described financial statements (with at least one with a management letter) must be attached or an internet link provided. Parent to subsidiary documentation included, if needed.

its officers, agents, employees and volunteers for losses arising from work performed by the Contractor for ORM.

3. All Coverages

- a. Coverage shall not be canceled, suspended, or voided by either party (the Contractor or the insurer) or reduced in coverage or in limits except after 30 days written notice has been given to ORM. Ten-day written notice of cancellation is acceptable for non-payment of premium. Notifications shall comply with the standard cancellation provisions in the Contractor's policy.
- b. Neither the acceptance of the completed work nor the payment thereof shall release the Contractor from the obligations of the insurance requirements or indemnification agreement.
- c. The insurance companies issuing the policies shall have no recourse against the Office of Risk Management for payment of premiums or for assessments under any form of the policies.
- d. Any failure of the Contractor to comply with reporting provisions of the policy shall not affect coverage provided to the Office of Risk Management, its officers, agents, employees and volunteers.

D. ACCEPTABILITY OF INSURERS

Insurance shall be placed with insurers with an A.M. Best's rating of **A-:VI or higher**. This rating requirement may be waived for workers compensation coverage only. A wholly-owned captive arrangement will be acceptable and evaluated for reliability based on the captive's most recent financial statement, which must be submitted along with the verification of coverage.

If at any time an insurer issuing any such policy does not meet the minimum A.M. Best rating, the Contractor shall obtain a policy with an insurer that meets the A.M. Best rating and shall submit another Certificate of Insurance as required in the contract.

E. VERIFICATION OF COVERAGE

Contractor shall furnish the Office of Risk Management with Certificates of insurance reflecting proof of required coverage. The Certificates for each insurance policy are to be signed by a person authorized by that insurer to bind coverage on its behalf. The Certificates are to be received and approved by the Office of Risk Management before work commences and upon any contract renewal thereafter.

In addition to the Certificates of insurance, Contractor shall submit the declarations page and the cancellation provision endorsement for each insurance policy.

The Office of Risk Management reserves the right to request complete certified copies of all required insurance policies at any time.

Upon failure of the Contractor to furnish, deliver and maintain such insurance as above provided, this contract, at the election of ORM, may be suspended, discontinued or terminated. Failure of the Contractor to purchase and/or maintain any required insurance shall not relieve the Contractor from any liability or indemnification under the contract.

F. SUBCONTRACTORS

Contractor shall be responsible for verifying and maintaining the Certificates provided by each subcontractor. Subcontractors shall be subject to all of the requirements stated herein. ORM reserves the right to request copies of subcontractor's Certificates at any time.

G. WORKERS COMPENSATION INDEMNITY

In the event Contractor is not required to provide or elects not to provide workers compensation